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U. S. Department of Agriculture

SECURITY FOR THE FARM HOME



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The farm is both a business and a home. When the security of the business is threatened, the security of the home is likewise in danger. Many farm women, during the recent years of distress, have had reason to know the truth of this. Some saw their homes lost along with their husband's businesses. That is why home-makers on the farm are just as much interested as their husbands in the prospect of greater security in farm living.

WHY A FARM ADJUSTMENT PROGRAM WAS NEEDED

It is not pleasant for farm women to remember the increasingly hard times that came in the twenties. Yet what was happening during that period must be understood in order to understand why the years 1930, 1931, and 1932 were still more disastrous.

During the war, the world needed more food from the United States than ever before. Farmers were encouraged to expand their acreage tremendously to meet this need. By the time the war was over, a number of changes had taken place and had made these additional producing acres a potential burden to the farmer. Yet for a dozen years, almost nothing was done to readjust farming to the new situation.

In the first place, after the war, European nations not only went back to producing food, but they set up tariffs and quotas to encourage home production on a new scale. Meanwhile, the United States in its turn raised tariffs on European products of all kinds. European countries now owed us large sums of money as a result of the war, and they could neither pay these debts nor buy American products unless they could sell their goods to us. They were in much the same position as the farmer who cannot buy goods from the city unless he can sell his products to the city. The United States tried to solve this problem by lending Europe still more money with which to buy things from us. That was an unsound arrangement, and it collapsed in 1929.

Prepared in the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture.

SURPLUSES PILED UP

Farm people had been feeling the effects of restrictive tariff policies long before this. They had been selling most of what they had to sell in an open world market and buying most of what they had to buy in a protected market. Meanwhile, their surpluses were piling up, because the foreign markets were disappearing. Farmers had no way of getting together to adjust their total production to the decreased demand. And unless all, or nearly all, farmers cooperated in adjusting the total national output of farm goods, it was suicidal for the individual farmer to reduce his production—and his income.

With the general depression, new surpluses caused by curtailment of buying power in the United States were added to the huge surpluses that had already piled up. People on the farms could scarcely make ends meet. Women did their best to solve the problem of the farm home during these times. They tried to make the farm as self-sufficient as possible in food, fuel, and clothing. Through the live-at-home programs, around 80 percent of farm families' own food needs are now met from their own farms.

As much as 25 percent of the cash income of many farms during depression years came mainly from the efforts of the home-makers. Women returned to primitive methods of making soap and to exchanging goods by barter. Many families gave up telephones, radios, daily papers, and other things.

In 5 years, 1 out of 10 farms in this country was lost to its owner through bankruptcy or foreclosure. School terms were curtailed. Everyone was forced to a lowered scale of living.

THE PROBLEM WAS TO RESTORE INCOMES

Pioneer measures are not taken by choice and are not looked upon as permanent. The industrial and agricultural resources of this country are sufficient to provide modern standards of living both in the cities and on the farms.

The problem was to restore farm incomes so that farm men and women could once more buy what they needed for their homes and families. The first step in solving this problem was to reduce the price-depressing surpluses.

The idea of the Agricultural Adjustment Act, passed in the spring of 1933, was to provide a way for farmers to get together

and attack their problems cooperatively. The plan was to adjust production to demand and to arrange better marketing methods so that farm prices might rise to such a level that when it came to buying things, they would equal the relatively satisfactory farm prices of the years from 1909 to 1914.

The relationship that existed in those years between the prices of things farmers buy and the prices of things they sell has been called "parity." In other words, the aim was to give farm people once more an income that would enable them to buy as much as they had been able to buy in the pre-war period. Voluntary cooperative control of production was one of the methods chosen to raise farm prices to the necessary level.

MAJOR BENEFITS TO THOSE WHO COOPERATE

Cooperation for control of farm production was not a new idea. Farmers had often formed cooperative associations to aid each other in fitting individual production to a general estimate of demand and in marketing. Some of these associations had been successful for a while, and a few, in certain regions where much of the total national production of a given commodity, like oranges, is within a small area, had continued success. But most of the cooperative associations that attempted production control failed in that effort after a time because they could not get everyone to work with them. Producers outside the associations took advantage of the success of those organizations in improving marketing conditions, increased their own production, and so brought to little the sacrifices of those who cooperated.

The Agricultural Adjustment Act made it possible and profitable for every producer of a given commodity to join in the cooperative program. Any farmer is more willing to cooperate when he can be sure that a majority of other farmers will cooperate. Moreover, the adjustment programs were drawn up so that the major benefits of cooperation went only to those farmers who did cooperate. Farmers were not compelled to participate; but those who did, unlike the members of the earlier cooperative associations, could be sure that they themselves and not outsiders would enjoy the benefits.

HOW MANUFACTURING INDUSTRY CONTROLS PRODUCTION

All large industries except agriculture have controlled and adjusted output or production to fit the profitable demand for their goods. During the depression, manufacturing industries cut production heavily from the 1929 level. By 1932 industrial production was only 41 percent of what it had been in 1929. Agriculture, on the other hand, has cut production so little that in 1934, even with the drought, it was only 15 percent under what it had been in 1929.

Meanwhile, prices of the things farmers produce sank much lower than the prices of things industry produces. By reducing the amount of goods manufactured, industry for 5 years after 1929 maintained price averages within 84 percent of the 1929 level. During the same 5-year period agricultural prices dropped to 60 percent of the 1929 level.

SOCIAL MACHINERY AND HOW IT OPERATES

Different ways of reaching the goal of price parity were worked out for different types of commodities. Contracts to hold acreage to a certain amount were offered to producers of wheat, cotton, tobacco, corn, hogs, and some other commodities named in the act. To compensate them for their cooperation, benefits were paid to those who signed and fulfilled such contracts. Money raised by processing taxes on milling, packing, cotton spinning, and other operations in finishing farm products for the market has been used to make the benefit payments.

Since farm women buy finished goods made from farm products, they may wonder how much the processing taxes add to the retail prices of such things as bread and cotton.

The cost of the raw material is only a relatively small portion of the retail price of finished farm products, such as cotton goods. So the processing tax amounts to only a small fraction of the price consumers pay. In the case of a cotton shirt it is about 5 cents. The tax on a loaf of bread costing about 8 cents is only half a cent.

PROCESSING TAX THE FARMER'S TARIFF

By paying these processing taxes on foods and cotton goods, the consuming public helps to increase farmers' incomes and indirectly to increase business activity and employment in the cities. There are other taxes that people have been paying all their lives, probably without realizing it. Tariffs on manufactured products add to the costs of a great many things in use every day, by enabling manufacturers to charge higher prices for these things than they could charge if foreign goods of the same kind were admitted free of duty. These tariffs add far more to the prices people have to pay than do the processing taxes. The processing tax may be called the farmer's tariff in that it helps to put the farmers on a more even basis with protected manufacturing industries.

The processing tax not only adds directly and quickly to the income of cooperating farmers, it is also one means of adjusting production to the demands of the market.

The processing tax makes it possible for the Government to pay benefits to farmers who cooperate in the adjustment programs. These programs, in turn, have helped to remove surpluses and thus to raise the market prices of certain of the basic crops the farmer sells.

Besides the contracts for adjusting the production of certain basic crops, marketing agreements and licenses have been part of the program to help farmers. Producers of milk, fresh fruits, vegetables, nuts, and canners' crops in various sections of the country have been aided in securing fair prices either by regulation of the supplies coming to market, as in the case of some fresh fruits, or by the fixing of minimum prices which dealers under license must pay producers, as in the case of fluid milk in some areas.

RESULTS OF THE ADJUSTMENT PROGRAM

By 1934 more than 3,000,000 production-adjustment contracts had been signed by farmers in all parts of the country. Never before in our country had farmers participated in such a vast cooperative program for their own welfare. It meant that a great share of our farm production was under adjustment—about 75 percent of hog and corn production, almost 80 percent of wheat acreage, and over 90 percent of cotton and tobacco acreage.

Farm wives know that the task of signing contracts, calculating past production, and looking after all the other details of the program involved irritations and delays. Did the results justify the expenditure of time and effort?

Price improvements since early 1933 reflect in part the results of adjustments made under the act. In part, they are due to other causes such as drought and the National Administration's money policy. Wheat, in March 1933, was selling at around 35 cents a bushel. By the fall of 1934 it was selling at around a dollar a bushel. Cotton in March 1933 was selling at 6 cents a pound. By the fall of 1934 it was over 12 cents a pound. The price of tobacco went up over 100 percent in 2 years. The farm price of hogs in March 1933 was about \$3.25 a hundredweight; in the fall of 1934 it was approximately \$5.25. Corn at local markets in March 1933 sold at a little over 20 cents a bushel. By October 1934 it sold at over 75 cents a bushel. Although prices of things farmers buy have gone up, too, the relationship of farm prices to other prices has improved. In addition to this, benefit payments alone, for the 3 years 1933, 1934, and 1935, will have amounted to approximately \$700,000,000.

Farm cash income, including benefit payments, rose from \$4,328,000,000 in 1932 to \$5,051,000,000 in 1933 and to \$6,091,000,000 in 1934. This was an increase of 40 percent in 2 years.

MEETING THE DROUGHT EMERGENCY

When the worst and most wide-spread drought on record occurred in 1934, the Government was in a position to act quickly for the relief of drought-stricken farm people. The flexible powers granted by Congress to three emergency agencies—the Agricultural Adjustment Administration, the Farm Credit Administration, and the Federal Emergency Relief Administration—were called into play.

The Emergency Relief Administration acted immediately to give direct relief of food and clothing to the most needy families. Later, Congress appropriated \$525,000,000 for drought relief in various forms. The Farm Credit Administration loaned many millions of dollars for the purchase of feed and seed, and for the movement of cattle to better pasture, so that drought-hit farmers might continue operations.

The drought caused a shortage of feed so acute that large numbers of livestock were threatened with destruction. In order to prevent losses, the Agricultural Adjustment Administration purchased cattle that would otherwise have starved or died of thirst, and the meat from such of these animals as were suitable for food was canned and distributed among the unemployed. In this way the Government moved to prevent a collapse of the cattle and sheep markets. This distribution of food is one answer to the question many women have asked, "Why can't surplus food on the farms go directly to hungry people in the cities?"

The regular program of the Agricultural Adjustment Administration also proved of value in meeting conditions caused by the drought. Under this program, land that would have been for the most part producing crops, of which there was and still is, a sufficiency, was used instead to raise forage, of which there was a severe shortage because of the drought.

CROP-INCOME INSURANCE

Benefit payments to farmers turned out to be a form of crop-income insurance against the drought, because even when a farmer's crop failed completely, he was paid the benefit because he had agreed to cooperate. Since the payments were based upon past averages and not on current production, the amount was not affected by crop failure.

The working of this may be illustrated in the case of wheat in the Northwest. In the States of North Dakota, South Dakota, and Montana, for instance, wheat production in 1934, on account of the drought, was almost 100 million bushels below the previous 5-year average for those States. To offset this loss, farmers in these States received over \$26,000,000 in benefit payments, which meant that they recovered about 27 cents a bushel on the grain lost by the drought. Similarly, in Minnesota, a loss of around 50 million bushels in the corn crop was compensated for by almost \$15,000,000 in benefit payments, or about 29 cents a bushel for the corn lost.

In this manner, throughout the large number of States affected by the drought, benefit payments compensated for income lost through very short crops. The total amount of such payments in drought-affected States will reach \$420,000,000 for 1934.

LOOKING TOWARD THE FUTURE

The combination of the drought and the adjustment program eliminated the surpluses of several of the basic commodities. This does not mean, however, that farmers' regulation of their production is no longer necessary. With surpluses wiped out or reduced, farmers may now look forward to controlled expansion of production, kept in step with expanding consumer buying power.

This program for a balanced agriculture would seek, by means of social machinery such as has already been used, to adjust the production of all crops either down or up, according to need.

The future of American agriculture will depend partly upon sales of farm products in the American market and partly upon exports to other countries. Increased exports may be made possible through trade agreements, such as several recently concluded under the Reciprocal Tariff Act.

A NATIONAL LAND POLICY

Besides the idea of a stable, balanced agriculture, there has also come a realization of the need for a new Nation-wide policy for the use of land. Women, in their club and community work, have often been the first to call attention to the misuse of land, or to point out the desirability of conserving wooded and scenic areas for recreation. At the present time, numerous agencies of Government, both State and National, have been cooperating under the National Resources Board in a comprehensive survey of the land resources of our country, looking toward a consistent policy of land use.

Some emergency programs of the Government already have helped to bring about better land use. All have been designed to serve that end, as well as to meet a temporary serious situation. The agricultural adjustment program, by keeping a certain percentage of farm land out of major crop production, has created an opportunity to build up the fertility of these acres. Continuation of the program will mean a larger proportion of farm acreage in pasture, forage, soil-building crops, and wood lots, which in turn means better livestock feeding and better conservation of the natural resources of farm land.

RETIRING SUBMARGINAL LAND

At the same time, the Government is purchasing submarginal land with the intention of retiring it from crop production for which it had never been suited. Several million acres will be purchased with funds made available through various agencies. These purchases will return to public usefulness in forest reserves, wildlife refuges, grazing districts, and recreation areas, land on which farmers have eked out a bare subsistence. Through the activities of the Government, areas of better land are being offered to thousands of distressed families, both rural and urban, so that they may have an opportunity to produce their own food, and eventually to obtain a cash income from new types of local industries.

LIVING STANDARDS ON THE FARM

As the various agencies of the Government have grappled with the problems of agriculture, they have opened up new questions about the standard of living on American farms.

The idea of parity, the aim of the adjustment program, has brought to public attention the rights of farm people to a fair income for the service they render in producing the country's food. The proportion of the national income that farm people receive went to a very low percentage in 1932—about 7 percent—for the 25 percent of the population represented by farm families. The farmers' share of the national income rose to 10.2 percent in 1934. The welfare of farm people has become a matter of national policy.

The investigations of Emergency Relief Administration relief workers have shown that many rural families, even before the depression, were not receiving enough return for their labor to make them effective purchasers of the products of industry.

Economists have estimated that because of the decreased buying power of farmers and the consequent decline in industrial production, 4 million workers lost their jobs.

IMPROVING FARM HOMES

The United States Bureau of Agricultural Engineering, in a recent survey of rural homes in 352 counties of 46 States, found that while about 50 percent of farm houses were in sound condition, many lacked modern conveniences, such as electricity and running

water. Of the other 50 percent, some were in need of repair, some of remodeling, and some of complete replacement. About 1 out of 6 farm homes, according to this survey, should be replaced.

If the new social machinery now being set up can make available the abundance of our national resources and the products of the people's labor, the standard of living for the farm home in the future can be greatly improved over the standard of the past.

WHY 'A. A. A. PROGRAM APPEALS TO FARM WOMEN

Meanwhile, what have farm women thought about the adjustment program?

Some time ago Secretary Wallace pointed out the importance of this question when he said, "I am thinking particularly about farm women in this connection. They have had a hard time. The men have worked hard, too, but hardly within so wearisome and narrow a cycle of routine. I believe that all who take the offer of this Farm Act out to the people will do well to explain to the women, as well as to the men, how controlled crop production—a retreat from surplus acres and from surplus toil—will give the whole family not only more money, but more time in which to live."

Farm women in various parts of the country have given their own opinions of the ways in which the program has affected their interests. Fifty women in 10 counties in Iowa, for instance, regarded increased income as the chief benefit. But they also listed other advantages derived from the program. The opportunity for more leisure time, training in cooperative effort, the development of a long-time national policy of land use, and the possibility for developing a better understanding between country and town were given as some of the results of the program that particularly appealed to women.

In Oklahoma production adjustment and the resulting increase in income were reported to be a means of freeing women from work in the cotton fields, so that they could better attend to the needs of their homes. In other States the use of land for raising food instead of cotton enabled women to increase the variety and quantity of the food in their larders. Fewer broken school terms

and better medical attention for children have also been reported as resulting in part from the benefits of the adjustment program.

The first emphasis of an emergency program is naturally upon removing those acute maladjustments which have made even the necessities of life precarious. But as the program enters on its more permanent task of balancing production year by year and working out a wiser utilization of all lands, farm women may look forward to the kind of security in which they are most interested—the kind that safeguards their homes and enriches their lives.

